

Assembly Bill No. 1110

Passed the Assembly September 10, 2009

Chief Clerk of the Assembly

Passed the Senate August 31, 2009

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2009, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to add Section 379.8 to the Public Utilities Code, relating to energy.

LEGISLATIVE COUNSEL'S DIGEST

AB 1110, Fuentes. Advanced electrical distributed generation technology.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The existing definition of an electrical corporation excludes a corporation or person employing cogeneration, as defined, technology or producing electricity from other than a conventional power source for certain purposes. Existing law states that it is the policy of the state to encourage and support the development of cogeneration as an efficient, environmentally beneficial, competitive energy resource that will enhance the reliability of local generation supply, and promote local business growth. Existing law places certain limitations upon gas rates and surcharges charged cogenerators. Existing law prohibits placing alternative fuel capability requirements upon gas customers that use gas for purposes of cogeneration.

This bill would authorize the commission and the State Air Resources Board to treat advanced electrical distributed generation technology, as defined, as cogeneration, and would make certain existing limitations upon gas rates and surcharges charged cogenerators applicable to an advanced electrical distributed generation technology. The bill would make the prohibition upon placing alternative fuel capability requirements upon gas customers that use gas for purposes of cogeneration applicable to a generator using advanced electrical distributed generation technology. These provisions would not apply to an advanced electrical distributed generation technology that is first operational at a site on and after January 1, 2014.

The people of the State of California do enact as follows:

SECTION 1. The Legislature finds and declares all of the following:

(a) California has adopted a set of aggressive policies, including the California Global Warming Solutions Act of 2006, to reduce the state's contribution to global warming.

(b) To meet the emission reduction goals set forth by the State Air Resources Board and other agencies, the state will need to invest in, and aid the deployment of, new energy efficiency programs, new electricity transmission and development programs, as well as new clean and efficient technologies.

(c) Current state policies that provide incentives to specific electrical generation facilities that reduce emissions of greenhouse gases while not providing similar incentives to other ultraclean generation facilities may hinder the ability of the state to meet the goals of the California Global Warming Solutions Act of 2006 by creating disincentives for customers to install the cleanest technologies available.

(d) It is the intent of the Legislature to define what are advanced electrical distributed generation technologies and to provide deployment incentives, including those incentives provided for cogeneration technologies.

SEC. 2. Section 379.8 is added to the Public Utilities Code, to read:

379.8. (a) As used in this section, "advanced electrical distributed generation technology" means any electric distributed generation technology that generates useful electricity and meets all of the following conditions:

(1) The emissions standards adopted by the State Air Resources Board pursuant to the distributed generation certification program requirements of Article 3 (commencing with Section 94200) of Subchapter 8 of Chapter 1 of Division 3 of Title 17 of the California Code of Regulations.

(2) Produces de minimis emissions of sulfur oxides and nitrogen oxides.

(3) Meets the greenhouse gases emission performance standard established by the commission pursuant to Section 8341.

(4) Has a total electrical efficiency of not less than 45 percent. If legislation is enacted that increases the 42.5 percent efficiency

described in subdivision (b) of Section 216.6 above 45 percent, the commission may adjust the electrical efficiency standard described in this paragraph to ensure that this electrical efficiency standard meets or exceeds the standard enacted for the purposes of subdivision (b) of Section 216.6.

(5) Is sized to meet the generator's onsite electrical demand.

(6) Has parallel operation to the electrical distribution grid.

(7) Utilizes renewable or nonrenewable fuel.

(b) (1) An advanced electrical distributed generation technology shall qualify for the rate established by the commission pursuant to Section 454.4.

(2) The limitation in subdivision (b) of Section 6352 upon the assessment of surcharges for gas used to generate electricity by a nonutility facility applies to an advanced electrical distributed generation technology.

(3) The limitation in Section 2773.5 upon imposing alternative fuel capability requirements upon gas customers that use gas for purposes of cogeneration applies to an advanced electrical distributed generation technology.

(c) The commission or State Air Resources Board may, in furtherance of the state's goals for achieving cost-effective reductions in emissions of greenhouse gases, meeting resource adequacy requirements, or meeting the renewables portfolio standard, treat advanced electrical distributed generation technology as cogeneration.

(d) Subdivisions (b) and (c) do not apply to an advanced electrical distributed generation technology that is first operational at a site on and after January 1, 2014.

Approved _____, 2009

Governor